



ARIZONA STATE RETIREMENT SYSTEM

3300 NORTH CENTRAL AVENUE • PO BOX 33910 • PHOENIX, AZ 85067-3910 • PHONE (602) 240-2000
7660 EAST BROADWAY BOULEVARD • SUITE 108 • TUCSON, AZ 85710-3776 • PHONE (520) 239-3100
TOLL FREE OUTSIDE METRO PHOENIX AND TUCSON 1 (800) 621-3778
EMAIL ADDRESS: ASKMAC@AZASRS.GOV • WEB ADDRESS: WWW.AZASRS.GOV

Paul Matson
Director

SUMMARY OF THE PUBLIC MEETING OF THE ARIZONA STATE RETIREMENT SYSTEM INVESTMENT COMMITTEE

HELD ON
Monday, February 13, 2012
2:30 p.m.

The Arizona State Retirement System (ASRS) Investment Committee (IC) met at 3300 N. Central Avenue, 14th Floor, Phoenix, AZ 85012. Mr. Tom Connelly, Chair of the IC, called the meeting to order at 2:32 p.m.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Tom Connelly, Chair
Mr. Chris Harris, Vice Chair
Prof. Dennis Hoffman

Absent: None.

A Quorum was present for the purpose of conducting business.

2. Approval of Minutes of the November 14, 2011 Public IC Meeting

Motion: Mr. Chris Harris moved the minutes of the November 14, 2011 Public IC meeting be adopted. Mr. Tom Connelly seconded the motion.

By a vote of 3 in favor, 0 opposed, 0 abstentions and 0 excused, the motion was approved.

3. Presentation, Discussion, and Appropriate Action Regarding the ASRS Investment Committee Charter

Mr. Paul Matson, Director, addressed the Committee regarding the IC Charter. Mr. Matson gave a brief background on the charter and then presented preliminary recommended changes by staff. He stated the changes were modest but were made to clarify and reorder the charter provisions. He said he was not recommending the Committee accept the changes until later this year after additional governance reviews have been completed.

4. Presentation, Discussion, and Appropriate Action Regarding the ASRS Supplemental Retirement Savings Plan (SRSP)

Mr. Matson introduced Mr. Patrick M. Klein, Assistant Director, External Affairs Division, who addressed the Committee regarding the SRSP program. Mr. Klein gave a brief overview of the SRSP and the Supplemental Salary Deferral Plan including their history and their current structure. With regard to the SRSP, he presented demographic and investment information to the Committee.

5. Presentation, Discussion, and Appropriate Action Regarding the ASRS Supplemental Salary Deferral Plan (SSDP)

Mr. Klein addressed the Committee regarding the SSDP. He presented information on the structure, demographics and investment options of the program. Mr. Dokes discussed the investment structure of the SSDP program. Mr. Matson briefly noted the differences between the SRSP and the SSDP and discussed the background that led to the development of the SSDP.

Mr. Connelly requested that future reviews of the SRSP and SSDP programs include a series of metrics for the Committee to facilitate oversight of the two programs.

6. Presentation, Discussion, and Appropriate Action Regarding Director's Asset Class Committee Update: Private Market Committee (PRIVMC) and the Public Markets Committee (PUBMC)

Mr. Dokes presented a recap of December 2011 and January 2012 Asset Class meetings. Mr. Dokes also presented an overview of upcoming asset class meetings as well as recent staffing changes within IMD.

7. Presentation, Discussion, and Appropriate Action Regarding the Investment Management Division's (IMD) House Views

Mr. Dokes provided a brief overview of the January 2012, IMD Investment House Views with IMD Portfolio Managers speaking in more detail on their respective areas. Mr. Dokes noted projects and ongoing activities on which IMD is presently working.

8. Presentation, Discussion, and Appropriate Action Regarding the ASRS Asset Allocation Study

Mr. Matson addressed the Committee regarding the ASRS asset allocation study. He presented a matrix that outlined the framework for the study and led a discussion that focused primarily on three topics: asset allocation methodologies, asset classes and investment strategies to be analyzed, and total fund risk measurements. The Committee and staff then proceeded with a roundtable discussion on those topics.

It was determined that staff and New England Pension Associates (NEPC) would utilize a series of methodologies likely to include and efficient frontier framework further informed by scenario analysis, factor analysis, risk analysis, liquidity analysis, fee issues, and additional modern and post-modern portfolio research.

Staff indicated that staff and NEPC would provide a subsequent IC meeting within two months. The meeting would include discussions on pro forma asset allocations, implied expected returns, and risk analysis. In addition, staff indicated they would also work with Windham Capital Management on various analytics, with a focus on risk measurement and risk management.

9. Call to the Public

No members of the public requested to speak.

10. Adjournment

The meeting adjourned at 5:57 p.m.

Respectfully submitted,

Zach Kucera, Secretary Date

Gary Dokes, Chief Investment Officer Date